WEEKLY ECONOMIC REVIEW

February 16, 2007

Alberta manufacturing shipments increased by 6.9 per cent in 2006, whereas Canada's shipments decreased 0.5 per cent. Major contributors to growth were machinery (18.3 per cent), fabricated metals (17.6 per cent) and chemical products (14 per cent). Sectors reporting declines were computer electronics and wood products.

Motor vehicle sales in Alberta increased by 12.2 per cent, far outpacing the growth of just over 2 per cent in Canada.

Although Canada's trade surplus rose to almost $5 billion in December, it declined by 17.3 per cent to $53.6 billion in 2006 from a year ago.

In 2006, the U.S. ran up its fifth consecutive record trade deficit of $763.6 billion. Although exports increased by 12.8 per cent to 1,438 billion, imports increased by 10.5 per cent to $2,201 billion.

The rising trade deficit lowered the U.S. dollar against major currencies and boosted the Canadian dollar to 85.9 cents.

U.S. industrial production fell by 0.5 per cent in January, the biggest drop since September 2005 following Hurricane Katrina. The capacity utilization rate declined by 0.6 percentage points to 81.2 per cent. The slowing production and the lower capacity utilization rate are likely to keep a lid on inflation. This is consistent with Ben Benanke's testimony to Senate that the economy is likely to post slower growth in 2007 than in 2006 and inflation will fall to or will be below 2 per cent this year.

Cdn Dollar (C¢/US$)

Feb 16, 2007	85.9¢
Feb 9, 2007	85.2¢
2006-07 YTD	88.2¢

WTI Oil US$/bbl

Feb 15, 2007	$57.99
Feb 8, 2007	$59.71
2006-07 YTD	$65.68

Nymex Natural Gas C$/mcf*
March Contract

Feb 16, 2007	$8.65
Feb 9, 2007	$9.30

*Estimate based on Nymex Futures Market Price

Japan's economy expanded at an annualized rate of 4.8 per cent in the fourth quarter of 2006 and 2.7 per cent in all of 2006. The strength in growth may encourage the Bank of Japan to raise interest rates, as the Bank has kept interest rates at 0 per cent in the past few years to support growth.

Oil and gas prices moderated this week on expectations of an end to the current below normal temperatures in the U.S over the next week.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Canadian International Trade ($ Millions)	**December**			
Exports	40,377	3.8%	-0.4%	1.1%
Imports	35,396	3.6%	4.7%	4.2%
Trade Balance	4,981	5.6%	-26.1%	-17.3%
Manufacturing Shipments ($ Millions)	**December**			
Alberta	5,319	1.8%	-4.4%	6.9%
Canada	49,674	1.7%	-0.8%	-0.5%
New Motor Vehicle Sales	**December**			
Alberta	22,079	10.8%	14.2%	11.9%
Canada	148,452	5.6%	9.6%	2.2%

Source: Statistics Canada

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-November 2006 versus January-November 2005*